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U.S. DEPARTMENT OF COMMERCE

International Trade Administration

Healthcare and Medical Trade Mission to the Philippines and Indonesia, February 9-13, 2015

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, is organizing a Healthcare and Medical focused Trade Mission to Manila, Philippines and Jakarta, Indonesia February 9-13, 2015.

The Healthcare and Medical Trade Mission to the Philippines and Indonesia will include representatives from a variety of U.S. medical/healthcare industry manufacturers (equipment/devices, laboratory equipment, emergency equipment, diagnostic, physiotherapy and orthopedic, healthcare information technology, and other allied sectors), service providers, and trade associations and organizations. The mission will introduce the participants to the appropriate government agencies, end-users, and prospective partners whose needs and capabilities are best suited to each U.S. participant's strengths.

Participating in an official U.S. industry delegation, rather than traveling on their own, will enhance the participants' ability to secure meetings. The delegates will meet with government officials to obtain firsthand information about the regulations, policies and procedures in the healthcare industry in this

region. It will also be an opportunity for participants to visit healthcare facilities to get acquainted with hospital operations.

Growing market demand, a Public-Private Partnership program aimed at addressing the needs of the healthcare industry, and government supported medical tourism drive the demand for quality in Philippine healthcare services. Some private hospitals are accredited or are in the process of receiving accreditation from international bodies such as the Joint Commission International (JCI). Aside from one-on-one appointments and briefings, mission delegates will have the opportunity to interact with Embassy/Consulate Officials and Commercial Service Manila staff to discuss industry developments, opportunities, and sales strategies.

Continued strong growth over the next few years and the Indonesian government's recent implementation of the National Health Insurance Plan earlier this year, provide an excellent opportunity for U.S.-based Healthcare manufacturers and service providers. The delegates will have access to Indonesian government officials and Commercial Service Jakarta staff to learn more about opportunities in the market and current industry developments. Mission delegates will also participate in one-on-one business matchmaking meetings, briefings led by government officials and industry experts, and a networking reception.

COMMERCIAL SETTING

Philippines

Demand for healthcare in the Philippines continues to grow, driven by several factors – a growing population, growing annual per capita income, an increased spending on medical care and growing investments in healthcare facilities. Healthcare spending in the Philippines is estimated at USD 9 billion in 2013 with a projected 10% increase in 2014. Approximately 64% of the labor force is fully employed, many with access to health insurance for themselves and for their dependents (spouse and minor children and/or parents above 60 years old). Currently, there are more than 1,700 licensed hospitals in the country, of which more than 60% are privately owned. Total bed capacity is more than 90,000.

The Philippine healthcare industry presents a good opportunity for U.S. firms. Although relatively small, the medical device market is almost 100% imported, with a strong U.S. presence. Despite their perceived higher costs, American products enjoy a prominent place in the market due to U.S.-trained Filipino doctors and their preference for the high technology of American medical equipment and instruments. Most hospital managers also prefer U.S. technology over other foreign brands, although U.S. manufacturers are facing growing competition from Germany, the Netherlands, and Japan. U.S. products generally perform well with high value, low volume medical equipment and dominate the market for durables (medical devices) such as ultrasound equipment, magnetic resonance imaging (MRI) equipment, breathing equipment, and other radiology and electronic medical equipment. In addition to private investments, the government's Public-Private Partnership program allows private sector consortiums to finance, design, build, operate, and maintain a hospital for a maximum period of 25 years, after which time these hospitals will be turned over to the Department of Health. The Public Private Partnership will not only improve the facilities, but also the healthcare delivery system, making medical care accessible to more Filipinos.

Besides opportunities presented through the Public Private Partnership program, constant requirements for updated healthcare services, new technologies, and equipment replacement drive market growth. Hospitals continue upgrading facilities to remain competitive. Several investment companies have acquired stakes in the healthcare sector, providing much-needed capital for facilities to upgrade and modernize equipment. Real estate developers have also partnered with known healthcare providers to construct health and wellness centers in and around the communities that they are building, adding more appeal to the community and more value to the real estate.

Indonesia

Given the large population and steady economic growth, Indonesia presents excellent opportunities for U.S. companies. An increase in public awareness about the importance of healthcare, the expansion of public and private hospitals, and the government's plan to implement universal health insurance coverage in 2014, have led to an increased demand for more sophisticated and modern medical equipment and supplies. Total imports of medical equipment grew from USD 612 million in 2011 to USD 727 million in 2012, with U.S. imports accounting for 10 percent of this market. Continued strong growth is predicted over the next two years and U.S. manufacturers of medical devices should take advantage of this growing market.

Being the fourth most populous country in the world, Indonesia offers great potential for the medical equipment and supplies market. Healthcare is a top priority in Indonesia's national development agenda. In 2014, the Government of Indonesia allocated a total of USD 6.1 billion for healthcare, an

increase of 26 percent over 2013. Over 20 percent of this amount is designated for medical equipment. In addition, the Ministry of Health will allocate a separate budget for the development of new hospitals and upgrades for existing hospitals and health care centers in the 33 provinces. Indonesia began implementing its National Health Insurance Plan this year with the goal of universal coverage of the country's population of 257 million people by 2019. The initial phase is targeted at covering approximately 90 million citizens, which includes mostly the market segment that the government calls "the poor and near-poor."

Healthcare providers show a growing interest in high technology equipment to improve the delivery and quality of their services. The government is encouraging more private sector involvement. Ciputra Group, a major property developer, plans to build up to 10 hospitals within the next five years with an estimated investment of USD 130 million. In September 2013, the Siloam Hospital Group announced a plan to spend USD 400 million through 2017 to develop new hospitals and buy medical equipment. The group will open six new hospitals by the end of 2014, adding to its existing 14 hospitals. In October 2008, an official ground-breaking ceremony for the construction of a USD 7 billion Jababeka Medical City project took place. The city will consist of world-class healthcare facilities, a hotel and apartments, research centers, and shopping center. The city is scheduled for completion by 2015.

Government agencies such as the Ministry of Health and the National Food and Drug Control Agency (BPOM) are stepping up efforts to institute policies to protect the public from sub-standard and dangerous pharmaceuticals and medical equipment/supplies. For instance, agencies are participating in international programs to curb the entry of black market products and also increase the training of

healthcare professionals and regulators. Associations are also encouraging company members to adopt international best practices.

MISSION GOALS

The goals of the Healthcare and Medical Trade Mission to the Philippines and Indonesia are to:

- 1) Familiarize the participants with the current healthcare situations as well as and current developments taking place;
- 2) Introduce participants to government officials and industry leaders to learn about various regulatory procedures and policies in the healthcare sector;
- 3) Introduce participants to potential business partners.

MISSION SCENARIOS

Philippines

On Monday, 9 February, the first official day of the Healthcare and Medical Trade Mission, Officers from various sections of the U.S. Embassy -- Commercial Service, Economic, Consular, Political, and USAID, as well as the American Chamber of Commerce in the Philippines (AmCham), will give a country briefing. These briefings will be followed by a series of industry briefings from officers of the Department of Health (DOH); the Center for Device Regulation, Radiation Health, and Research

(CDRRHR); the Food and Drug Administration (FDA); and the private sector Pharmaceutical and Healthcare Industry of the Philippines (PHAP). Mission participants will learn about the healthcare policies, procedures and opportunities in the market.

The briefings will be followed by a site visit to a local hospital for a tour of the facilities.

The Ambassador will host a networking reception arranged at the end of the day. Officials from the DOH, CDRRHR, FDA, PHAP, and importer-distributors of health devices, technology, and supplies, will be invited to this event.

On the second day (Tuesday, 10 February), delegates will have one-on-one meetings with prospective distributors and business partners who have expressed interest in the TM delegates' products.

Wednesday, 11 February, will be a travel day from Manila to Jakarta.

Indonesia

On Thursday morning, 12 February, the first official day of the Jakarta, Indonesia mission stop, delegates will attend briefings at the hotel conducted by the U.S. Embassy, the American Chamber of Commerce's Pharmaceutical and Life Sciences Committee, and Ministry of Health officials.

The briefings will be followed by one-on-one meetings with prescreened prospective distributors and business partners who have expressed interest in the TM delegates' products. Visits to hospital facilities may be arranged as an option.

The Ambassador will host a networking reception arranged at the end of the day. Government officials, representatives from industry associations and local business people will be invited to this event.

Friday, 13 February, will be focused on one-on-one meetings at the hotel. Additional site visits can be arranged depending on the interests and objectives of the participants.

Proposed Timetable

Mission participants are encouraged to arrive 1-2 days prior (7 or 8 February) to allow time to adjust to their new surroundings before the mission program begins on Monday, 9 February.

Monday 9 February	Embassy, Department of Health, and Industry Association Briefing at the hotel Hospital Site Visit Networking reception at Ambassador's residence
Tuesday 10 February	One-on-One business matchmaking appointments

Wednesday 11 February	Travel day from Manila to Jakarta
Thursday 12 February	Indonesia Country Briefing with U.S. Embassy and Briefing with AmCham Healthcare Committee Leaders Briefing with Ministry of Health and/or local industry associations One-on-One business matchmaking appointments or site visits Networking reception at Ambassador's residence
Friday 13 February	One-on-One business matchmaking appointments or site visits

PARTICIPATION REQUIREMENTS

All parties interested in participating in the Healthcare and Medical Trade Mission to the Philippines must complete and submit an application for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and a maximum of 20 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business in the Philippines and/or Indonesia as well as U.S. companies seeking to enter either market for the first time may apply.

Fees and Expenses

After a company or organization has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required.

The Healthcare and Medical Trade Mission participation fee will be **\$3,250** for SMEs¹ and **\$4,000** for Large Firms.

Personal expenses for lodging, some meals, incidentals, and travel (except for transportation to and from meetings/site visits/networking receptions) will be the responsibility of each mission participant.

Conditions for Participation

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, (or in the case of a trade association or trade organization, information on the products and/or services of the companies to be represented on the trade mission), primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In the case of a trade association or trade organization, the applicant must certify that, for each company to be represented by the trade association or trade organization, the products and services the represented company seeks to export are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

Selection Criteria for Participation

Selection will be based on the following criteria:

- Suitability of a company's (or, the case of a trade association or trade organization, represented companies') products or services to the mission's goals.
- Company's (or, in the case of a trade association or trade organization, represented companies') potential for business in the target market, including likelihood of exports resulting from the trade mission.
- Consistency of the applicant's goals and objectives with the stated scope of the trade mission.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register (<http://www.gpoaccess.gov/fr>), posting on ITA's trade mission calendar – www.trade.gov/trade-missions – and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than 21 November, 2014. The U.S. Department of Commerce will review applications and make selection decisions as applications are received. We will inform all applicants of selection decisions as soon as possible after the applications are reviewed. Applications received after the November 21st deadline will be considered only if space and scheduling constraints permit.

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